

CONNECTICUT GENERAL ASSEMBLY
Tuesday, March 5, 2013

TESTIMONY OF ADAM J. COHEN
TO THE INSURANCE AND REAL ESTATE COMMITTEE
ON PROPOSED HOUSE BILL 6477, “AN ACT CONCERNING THE
STATUTORY LIEN FOR ASSESSMENTS ON A CONDOMINIUM UNIT”

My name is Adam J. Cohen and I am an attorney with the law firm of Pullman & Comley in Bridgeport. I regularly represent condominiums and other homeowners' associations. I urge this Committee to approve House Bill 6477, “An Act Concerning the Statutory Lien for Assessments on a Condominium Unit.” This bill would extend, from six months to twelve months, the period preceding the institution of a foreclosure action during which a condominium's lien for common charges takes priority over a first or second mortgage.

This change is urgently needed for two reasons. First, extending this period will provide condominium associations with an incentive for postponing the commencement of foreclosure proceedings against delinquent unit owners. Under current law, a condominium association which waits longer than six months to foreclose compromises or forfeits the collectability of all older common charges, since the mortgages will take priority over them and little if any equity will likely remain behind those mortgages. This bill would encourage condominium boards to give struggling unit owners twice as long to arrange payment plans, refinance, or otherwise raise the money to stave off foreclosure by the condominium and the expense and embarrassment related to it.

The second reason is that extending this priority period would protect a larger proportion of the assessments condominiums need to impose to maintain a unit which faces foreclosure by a mortgage bank. Because common charges incurred during the pendency of any foreclosure do not have priority over the mortgages, the foreclosing bank has very little incentive to move the litigation along. In fact, the longer the process takes, the longer the condominium must continue its usual maintenance obligations without any compensation – it must literally maintain the bank's collateral for it free of charge for the months or years the bank delays taking title. Extending the pre-foreclosure priority period would allow the condominium to recoup a somewhat larger proportion of that expense.

House Bill 6477 is common-sense legislation which will provide condominium associations with the ability to give delinquent unit owners a longer time to work out payment arrangements while reimbursing them for more of the costs they incur during a bank's mortgage foreclosure. Please vote in favor of this important bill.